ORIGINAL

| Commissioner | Yes | No | Not Participating |
|---|---|---|---|
| Swinger | √ | | |
| Bain | √ | | |
| Deig | | | √ |
| Jerrells | √ | | |
| Ziegner | √ | | |

**STATE OF INDIANA**

**INDIANA UTILITY REGULATORY COMMISSION**

| | | |
|---|---|---|
| **PETITION OF THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS, AS SUCCESSOR TRUSTEE OF A PUBLIC CHARITABLE TRUST, FOR APPROVAL OF GAS COST ADJUSTMENTS TO BE APPLICABLE IN THE MONTHS OF SEPTEMBER, OCTOBER AND NOVEMBER 2026** | ) | **CAUSE NO. 37399 GCA 171**<br><br>**APPROVED: AUG 26 2026** |

**<u>ORDER OF THE COMMISSION</u>**

**Presiding Officer:**
**Jon D. Williams, Administrative Law Judge**

On July 1, 2026, in accordance with Indiana Code § 8-1-2-42, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as Successor Trustee of a Public Charitable Trust, d/b/a Citizens Gas ("Petitioner" or "Citizens Gas") filed its Petition for Gas Cost Adjustment ("GCA") with attached Schedules to be applicable during the months of September, October, and November 2026. Also, on July 1, 2026, Petitioner filed the direct testimony of Carly J. Senak, Rates and Regulatory Analyst. On July 21, 2026, Petitioner filed its notice of intent not to file supplemental testimony. On July 27, 2026, in conformance with the statute, the Indiana Office of Utility Consumer Counselor ("OUCC") filed the testimony and attachments of LaCresha N. Vaulx, Utility Analyst.

The Indiana Utility Regulatory Commission ("Commission") conducted an evidentiary hearing at 10:00 a.m. on August 17, 2026 in Room 222, PNC Center, 101 W. Washington Street, Indianapolis, Indiana. Petitioner and the OUCC participated in the evidentiary hearing. The testimony and exhibits of Petitioner and the OUCC were admitted into the record without objection. No members of the general public appeared or sought to testify at the hearing.

Based upon the applicable law and the evidence presented, the Commission finds:

**1.** **<u>Statutory Notice and Commission Jurisdiction</u>.** Notice of the hearing in this Cause was given and published by the Commission as required by law. Petitioner is a municipally owned utility as defined in Indiana Code § 8-1-2-1(h). Under Indiana Code § 8-1-2-42(g), the Commission has jurisdiction over changes to Petitioner's rates and charges related to adjustments in gas costs. Therefore, the Commission has jurisdiction over Petitioner and the subject matter of this Cause.

**2.** **<u>Petitioner's Characteristics</u>.** Petitioner's principal office is located at 2020 North Meridian Street, Indianapolis, Indiana. Petitioner renders natural gas utility service to the public in and around Marion County, Indiana and owns, operates, manages, and controls plant and equipment used for the distribution and furnishing of such service.

**3.** **Source of Natural Gas.** Indiana Code § 8-1-2-42(g)(3)(A) requires Petitioner to make every reasonable effort to acquire long-term natural gas supplies so as to provide gas to its retail customers at the lowest gas cost reasonably possible.

Petitioner's witness Carly J. Senak provided evidence that Petitioner's rates and charges reflect recovery of transportation and storage costs based upon filings made with the Federal Energy Regulatory Commission ("FERC"). The majority of the commodity will be priced using New York Mercantile Exchange ("NYMEX") futures prices at Henry Hub for the three-month period, adjusted for basis, fuel, and transportation for delivery to Petitioner's city gate. The remaining commodity will be priced according to hedged transactions. None of the projected commodity volumes was purchased pursuant to fixed hedge transactions.

The Commission has indicated that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. This includes a program that considers market conditions and the price of natural gas on a current and forward-looking basis. Based on the evidence offered, we find that Petitioner has demonstrated it has and continues to follow a policy of securing natural gas at the lowest gas cost reasonably possible in order to meet anticipated customer requirements. Therefore, we find that the requirement of this statutory provision was fulfilled.

**4.** **Purchased Gas Cost Rates.** Indiana Code § 8-1-2-42(g)(3)(B) requires that Petitioner's pipeline suppliers have requested or filed pursuant to the jurisdiction and procedures of a duly constituted regulatory authority for a change in the cost of gas proposed to be included in the GCA factor. The evidence of record indicates that proposed gas costs include transportation rates that have been filed by Petitioner's pipeline suppliers in accordance with FERC procedures. We have reviewed the cost of gas included in the proposed gas cost adjustment charge and find the cost to be reasonable. Therefore, we find that the requirement of this statutory provision has been fulfilled.

**5.** **Earnings Test.** Indiana Code § 8-1-2-42(g)(3)(C), in effect, prohibits approval of a GCA factor that results in a public utility earning a return in excess of the return authorized by the last Commission Order in which the gas utility's basic rates and charges were approved. The Commission, in its May 14, 1986 Order in Cause No. 37091, found that the earnings test in Indiana Code § 8-1-2-42(g)(3)(C) does not apply to municipally owned gas utilities. Pursuant to Indiana Code § 8-1-11.1-3, Petitioner is regulated as a municipally owned gas utility; therefore, the earnings test does not apply to Petitioner.

**6.** **Estimation of Purchased Gas Costs.** Indiana Code § 8-1-2-42(g)(3)(D) requires that Petitioner's estimate of its prospective average gas costs for each future recovery period be reasonable. The Commission has determined that a comparison of the variance to the incremental cost of gas on Schedule 6 be used to determine if the prior estimates are reasonable when compared to the corresponding actual costs. A 12-month rolling average comparison helps to eliminate the inherent variance related to cycle billing and seasonal fluctuations. The evidence presented indicates that Petitioner's 12-month rolling average comparison was 4.89% for the period ending May 31, 2026. Based on Petitioner's historical accuracy in estimating the cost of gas, we find Petitioner's estimating techniques are sound, and Petitioner's prospective average estimate of gas costs is reasonable.

**7. Reconciliations.**

**A. Variances**. Indiana Code § 8-1-2-42(g)(3)(D) also requires that Petitioner reconcile its estimate for a previous recovery period with the actual purchased gas cost for that period. The total gas supply variance for the reconciliation period of March, April, and May 2026 ("Reconciliation Period") is an under-collection of $1,357,613. The amount to be included in this GCA as an increase in the net cost of gas is $160,478. The gas supply variance from the prior periods totals an under-collection of $596,951. Combining this amount with the gas supply variance amount to be included in this GCA results in an under-collection of $757,429, which results in an increase in the estimated net cost of gas.

The total balancing demand cost variance for the Reconciliation Period is an under-collection of $53,342. The amount to be included in this GCA as an increase in the net cost of gas is $9,404. The balancing demand cost variance from the prior periods totals an over-collection of $17,044. Combining this amount with the balancing demand cost variance amount to be included in this GCA results in an over-collection of $7,640, which results in a decrease in the estimated net cost of gas.

Combining the gas supply and balancing demand variances results in a total under-collection of $749,789 to be applied in this GCA as an increase in the estimated net cost of gas.

**B. Refunds.** Petitioner did not receive any new refunds during the Reconciliation Period, and had no refunds from prior periods, as reflected on Schedule 12A.

**8. Resulting Gas Cost Adjustment Factors.** The estimated net cost of gas to be recovered for September 2026 is $3,169,854, for October 2026 is $4,623,100 and for November 2026 is $9,080,978. Adjusting the foregoing gas cost amounts for variances, refunds, and net write-off amounts, yields net gas costs to be recovered through the GCA factor of $3,317,616 for September 2026, $4,845,987 for October 2026, and $9,653,979 for November 2026. After dividing the foregoing monthly amounts by estimated sales, Petitioner recommended approval of the GCA factors set forth in table below:

| | September 2026 | October 2026 | November 2026 |
|---|---|---|---|
| **Variable Rate Supply per Dth** | | | |
| D1 – Residential Domestic | $5.025 | $5.236 | $4.563 |
| D2 – Residential Heating | $6.985 | $6.238 | $4.667 |
| D3 – General Non-Heating | $3.522 | $3.366 | $3.454 |
| D4 – General Heating | $5.601 | $6.163 | $4.468 |
| D7 – CNG | $3.522 | $3.366 | $3.454 |
| | | | |
| **Balancing Charges per Dth** | | | |
| D3 – General Non-Heating | $0.045 | $0.054 | $0.023 |
| D4 – General Heating | $0.049 | $0.058 | $0.027 |
| D5 – Large Volume | $0.059 | $0.068 | $0.037 |
| D7 – CNG | $0.045 | $0.054 | $0.023 |
| D9 – High Load | $0.207 | $0.216 | $0.185 |
| | | | |
| **Basic Balancing Charges per Dth** | | | |
| D3 – General Non Heating | $0.002 | $0.003 | $0.001 |
| D4 – General Heating | $0.002 | $0.003 | $0.001 |
| D5 – Large Volume | $0.003 | $0.003 | $0.002 |
| D9 – High Load | $0.010 | $0.011 | $0.009 |
| | | | |
| **Back Up Supply per Dth** | | | |
| Gas Supply | $5.154 | $5.306 | $4.172 |
| Commodity | $3.395 | $3.359 | $3.384 |
| Capacity | $1.759 | $1.947 | $0.788 |

**9.** **Effects on Residential Customers.** Petitioner requests authority to approve the Residential Heating GCA factors of $6.985/Dth for September 2026, $6.238/Dth for October 2026, and $4.667/Dth for November 2026. The table below shows the commodity costs a residential customer will incur under the proposed GCA factors based on 10 Dth of usage. The table also compares the gas costs to what a residential customer paid most recently (July 2026

- $7.230/Dth) and a year ago (September 2025 - $6.836/Dth, October 2025 - $5.889/Dth, and November 2025 - $4.102/Dth). The table solely reflects costs approved through the GCA process. It does not include Petitioner's base rates or any applicable rate adjustment mechanisms.

| Month | Proposed Gas Costs (10 Dth) | Current | | Year Ago | |
|---|---|---|---|---|---|
| | | Gas Costs (10 Dth) | Difference | Gas Costs (10 Dth) | Difference |
| September 2026 | $ 69.85 | $ 72.30 | $ (2.45) | $ 68.36 | $ 1.49 |
| October 2026 | $ 62.38 | $ 72.30 | $ (9.92) | $ 58.89 | $ 3.49 |
| November 2026 | $ 46.67 | $ 72.30 | $ (25.63) | $ 41.02 | $ 5.65 |

**10.** **Interim Rates.** The Commission finds that the rates approved herein should be interim rates, subject to refund, pending reconciliation of the gas costs in a subsequent GCA.

**11.** **Monthly Flex Mechanism.** The Commission has indicated in prior Orders that Indiana's gas utilities should make reasonable efforts to mitigate gas price volatility. The monthly flex mechanism is designed to address this concern. Petitioner has elected to utilize a monthly flex mechanism to adjust its GCA factor up to the cap of $2.00 on the total GCA factor monthly. Since Petitioner is utilizing a monthly flex mechanism, Petitioner must file a monthly flex tariff in the applicable GCA proceeding, including a notification of not flexing as warranted. The flex mechanism is to be filed no later than three business days before the beginning of each calendar month during the GCA period.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. The Petition of Citizens Gas for the gas cost adjustments for natural gas service, as set forth in Paragraph No. 8, is approved, subject to refund in accordance with Paragraph No. 10.

2. Prior to implementing the GCA factors approved above or any future flexed factor, Petitioner shall file the applicable rate schedules for the factors for approval by the Commission's Energy Division. Such rate(s) shall be effective on or after the Order date subject to Division review and agreement with the amounts reflected.

3. In accordance with Indiana Code § 8-1-2-70, Petitioner shall pay the following itemized charges within 20 days from the date of the Order to the Secretary of this Commission, as well as any additional costs which were incurred in connection with this Cause:

| | |
|---|---|
| Commission Charges: | $ 1,228.83 |
| OUCC Charges: | $ 2,400.98 |
| Legal Advertising Charges: | $ 27.03 |
| Total: | $ 3,656.84 |

4. This Order shall be effective on and after the date of its approval.

**SWINGER, BAIN, JERRELLS, AND ZIEGNER CONCUR; DEIG ABSENT:**

**APPROVED: AUG 26 2026**

**I hereby certify that the above is a true and correct copy of the Order as approved.**

Dana Kosco Digitally signed by Dana Kosco Date: 2026.08.26 10:21:58 -04'00'

**Dana Kosco**
**Secretary of the Commission**